



CITY ATTORNEY  
**CITY OF ROSEVILLE**  
TRADITION • PRIDE • PROGRESS

2005 Hilltop Circle • Roseville, CA 95747  
(916) 774-5325 • FAX (916) 773-7348

January 17, 2002

**01-AFC-14**

**CALIF ENERGY COMMISSION**

**FEB 07 2002**

**RECEIVED IN DOCKETS**

Lance Shaw  
Sitting Project Manager  
California Energy Commission  
1516 Ninth Street  
Sacramento, CA 95814-5512

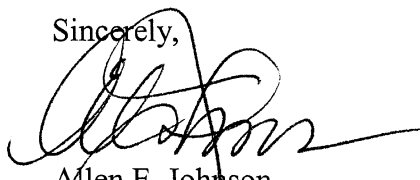
**Re: Roseville Energy Facility, Docket No. 01-AFC-14  
Response to Data Request Regarding Water Supply**

Dear Mr. Shaw:

The CEC has requested confirmation of the water supply available to Roseville Energy Facility, L.L.C. ("REF") with respect to the Roseville Energy Facility under development by REF. The purpose of this letter is to confirm that the City of Roseville has agreed to provide reclaimed water and potable water for use by the REF Facility as and to the extent set forth in its existing development agreement pertinent to the water supply arrangements are enclosed.


We trust this information satisfies the CEC's request.

Sincerely,



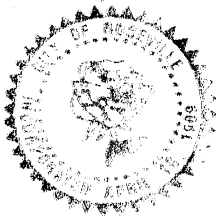
Allen E. Johnson  
City Manager

APPROVED AS TO FORM:



Mark J. Doane, City Attorney

PROOF OF SERVICE (REVISED 11-20-01) FILED WITH  
ORIGINAL MAILED FROM SACRAMENTO ON 2-7-02  
K.A.M.



CITY CLERK  
**CITY OF ROSEVILLE**  
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2000 Hilltop Circle • Roseville, CA 95747  
(916) 774-5263 • FAX (916) 786-9175 • TDD (916) 774-5220

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January 17, 2002

THIS IS TO CERTIFY THAT THE FOREGOING PAGES, NUMBERED  
7 through 10, with Exhibits C, D, and E, OF  
DEVELOPMENT AGREEMENT BETWEEN THE CITY OF ROSEVILLE  
AND ROSEVILLE ENERGY FACILITY, LLC., DATED SEPTEMBER  
5, 2001, ARE A CORRECT COPY OF THE ORIGINAL ON FILE IN  
THE CITY CLERK'S DEPARTMENT.

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Carolyn Parkinson, City Clerk  
City of Roseville  
California

## **2.5 Electrical Interconnection.**

**2.5.1 Location.** Unless otherwise mutually agreed, if the Project proceeds it will be electrically interconnected to the electric system of the Western Area Power Administration ("WAPA") at Roseville Substation. As requested by Developer, City shall cooperate with Developer in discussions with WAPA relating to fees and charges for interconnection with and use of WAPA's transmission system.

**2.5.2 Responsibility.** If Developer determines to proceed with the Project in its sole discretion, Developer will make arrangements for the electrical interconnection and be responsible for all costs reasonably necessary to accomplish the electrical interconnection, including system studies, reconfiguration of existing electric facilities and installation of new electric facilities. In such event, Developer shall reimburse City for its actual costs associated with the electrical interconnection, and such reimbursement shall not be considered an offset against the Development Payments. Prior to incurring any such costs, City shall provide Developer with a proposed budget for Developer's approval, which approval shall not be unreasonably withheld. Developer shall not be responsible for reimbursement of costs in excess of the approved budget, which budget may be amended from time to time by mutual agreement of the Parties. In no event shall City obtain equipment or construct or cause the construction of any physical improvements without Developer's prior written consent.

**2.5.3 Coordination.** Developer and City shall coordinate and cooperate with each other with respect to matters related to the electrical interconnection. In particular, Developer shall consult in advance with City concerning potential routes for and physical configuration of the electrical interconnection.

**2.5.4 Preferred Route.** The preferred route for the electrical interconnection is as follows: west from the Project Site to a point near the potential extension of Watt Avenue, then south until WAPA's right-of-way, then east along WAPA's right-of-way to City Substation. In no event, however, will the electrical interconnection be overhead along Fiddymont Road.

## **2.6 Wastewater, Water and Waste.**

**2.6.1 Provision of Municipal Services.** City shall provide and Developer shall receive and purchase the municipal services described in this Section 2.6 in the event Developer decides in its sole discretion to proceed with the Project. City shall also provide such services regardless of whether the Property is annexed to the City, assuming Developer decides in its sole discretion to proceed with the Project despite a successful challenge to such annexation. The provision of services shall be the subject of separate service agreements to be effective upon Developer's exercise of the option under the Option Agreement. The provision of services shall also be subject to City's rates, rules and regulations governing such services, except to the extent that any rates, rules or regulations conflict with a provision of this Agreement or the Ground Lease Agreement. The City Council reserves its lawful right to declare a state of emergency due to severe water shortages and to curtail potable water deliveries in a manner uniform to all water users in the City without thereby being in breach of this Agreement. The Parties have no obligation to enter into service agreements for any of the services described in this Section

2.6 unless Developer exercises the option under the Option Agreement, and any obligations of the Parties under Sections 2.6.2 through 2.6.8, inclusive, are expressly contingent upon Developer's exercise of the option. Upon such exercise and concurrently therewith, City shall be obligated to enter into the service agreements described in this Section 2.6. All such service agreements shall be terminable by Developer in its sole discretion, if Developer determines not to proceed with or cease operation of the Project, subject to obligations, if any, under the service agreements for early termination payments to reimburse City for its reasonable, actual and verifiable costs specifically associated with providing the respective services to the Project, and not otherwise accounted for in the City's rate base for such services or elsewhere under this Agreement.

2.6.2 Project Water Requirements. The Project's water requirements are specified in Exhibit C. City shall provide adequate water for all Project purposes, including domestic use, fire protection, construction and operation. The Parties intend to use reclaimed water for the Project's operational needs from the Pleasant Grove Wastewater Treatment Plant (as used in this Section 2.6 and Exhibit D, "Pleasant Grove") presently under construction across Phillip Road from the Project Site, it being understood that the Project will include a storage facility in a size and design determined by Developer (with 850,000 gallons of storage reserved to equalize the reclaimed water supply from Pleasant Grove) in order to store reclaimed water for use in meeting the Project's operational needs. Developer shall have a first right of refusal on all reclaimed water produced by Pleasant Grove, up to the Project's maximum operational needs, for use in meeting the Project's operational requirements. City shall provide potable water for Project construction, fire protection and domestic purposes, the requirements for which are set forth in Exhibit C.

2.6.3 Necessary Water Facilities. Developer will pay for or share in the cost of extending water lines, and will install all pumps, meters, valves, and related distribution facilities (not including any off-Project Site treatment or storage facilities) needed to serve the Project. The facilities that will be necessary to serve the Project as referenced in this Section (including the potential use of existing facilities) are described in Exhibit D attached hereto, and the methodology to be used in determining Developer's share of the facilities' cost is described in Exhibit E attached hereto.

2.6.4 Supplemental Water. In the event that there is insufficient reclaimed water from Pleasant Grove to meet the Project's operational requirements, then City shall provide supplemental water to meet the Project's operational requirements (as described in this Section). Except as otherwise provided in this Section 2.6, such supplemental water shall consist of reclaimed water from a source other than Pleasant Grove. The Parties shall mutually cooperate to identify such sources, and negotiate in good faith to provide the facilities necessary to supply such reclaimed water (exclusive of off-Project Site treatment or storage facilities). If Developer requests construction of facilities to convey reclaimed water from other sources, Developer shall bear the cost; provided, however, that if such construction results in excess capacity beyond the Project's operational requirements, the cost of construction shall be divided between City and Developer on a pro-rata basis, consistent with City's rates, rules and regulations governing such cost allocation including possible reimbursement. In the event that there is insufficient reclaimed water available to make up the entirety of supplemental water requirements, then the City shall provide potable water for such purposes, it being

understood that such use would be on an interim basis only until the Project's operational requirements can be fully satisfied with reclaimed water.

2.6.5 Contracts for Water Service. Developer will contract with City for, and City shall provide, reclaimed water and potable water used by the Project, through service agreements as described in Section 2.6.1, and as further described in Subsections 2.6.5.1 and 2.6.5.2, below. All such water will be provided at City's published rates as may be revised periodically; provided, however, the rate for potable water service to the Project shall be no greater than rates charged by City to other similarly situated industrial customers. The price City charges Developer for reclaimed water shall not exceed the lowest price City charges any customer for such water.

2.6.5.1 Agreement for Peak Reclaimed Water from Pleasant Grove. The reclaimed water service agreement shall contain a take or pay or other comparable provision as described herein, in language and substance mutually agreeable to the Parties. For purposes of this Section, "Peak Demand" means the amount of reclaimed water Developer requires City to reserve on a monthly basis, in excess of that month's average requirements. Under this provision, Developer shall be financially responsible for the cost of its Peak Demand, whether or not Developer actually takes delivery of such reclaimed water. Developer shall have the right to reduce its requirement for Peak Demand at time intervals to be specified in the reclaimed water service agreement. Developer's Peak Demand may be increased only with the mutual agreement of both Parties. The take or pay or other obligation as described in this Subsection shall only apply if City (a) has the capacity to provide the Peak Demand from Pleasant Grove; and (b) the means are in existence to convey the Peak Demand or portion thereof to actual customers; and (c) there is a bona fide offer (as further defined in the water service agreement) from such customers to acquire the Peak Demand or portion thereof if it is available.

2.6.5.2 Potable Water Agreement. The potable water service agreement shall contain a charge provision as described herein, in language and substance mutually agreeable to the Parties. Under the provision, if Developer determines that potable water is required for supplemental water on an interim basis, Developer may specify (at a time and manner to be described in the water service agreement) an amount of potable water it requires for supplemental water. Upon a mutually agreed schedule (also to be described in the water service agreement), Developer shall pay to City an annual charge per acre foot specified, equal to the then-existing amount City pays to Placer County Water Agency ("PCWA") per acre foot under the water supply agreement between City and PCWA in effect on the Effective Date. City shall deliver potable water to Developer in the amount specified, for which Developer shall pay City's rate therefor, as specified in Section 2.6.5, net of the charge provision described in this Subsection 2.6.5.2. Developer may reduce the amount specified at any time (and will do so as its requirement for potable water is eliminated), and the charge provision described here shall be reduced accordingly. The potable water service agreement shall also provide for a contribution by Developer to City's water

system construction fund. In addition, the agreement shall require the City to provide back-up water for Project storage requirements, in an amount and manner to be specified in such agreement. Notwithstanding any other provision of this Agreement, City shall not charge Developer a water connection fee, except as to the Project's domestic use.

**2.6.6 Wastewater.** Developer will discharge wastewater resulting from the Project's operation in a manner consistent with all local, state and federal regulations. If Developer elects to discharge the wastewater in the nearby creek, Developer will secure all necessary permits. Developer may, at its option, elect to contract with City for wastewater treatment. If Developer elects to contract with City, City and Developer shall enter into a wastewater service agreement as described in Section 2.6.1. Under such agreement, City shall take Developer's wastewater for treatment and disposal, and Developer shall (a) be required to obtain the permits required by the City, the Regional Water Quality Control Board, and any other agency with jurisdiction; (b) have financial responsibility for all costs, including operating costs, for City to treat the wastewater; and (c) pay a wastewater connection charge, pro-rated to the percentage that Developer's wastewater requires treatment as compared with City's total treatment process at Pleasant Grove.

**2.6.7 Solid Waste.** Developer will contract with City for the disposal of solid waste resulting from the Project's operation; provided, however, the rate for solid waste disposal for the Project shall be no greater than rates charged by City to other similarly situated industrial customers.

**2.6.8 Sewer Service.** Developer may contract with City for sanitary sewer service resulting from the Project's operation; provided, however, that if Developer elects to enter into such a contract, the rate for such service shall be no greater than rates charged by City to other similarly situated industrial customers.

## **2.7 Support and Cooperation.**

**2.7.1 General.** City shall cooperate with Developer in the development and operation of the Project. Such cooperation shall include, among other things, support of the Project both locally and with regulators and oversight entities (such as the CEC and the Placer County Air Pollution Control District). In addition, City shall, as described in Section 2.3, provide assistance and cooperation in obtaining permits, easements, rights-of-ways, franchises and licenses reasonably necessary for the Linear Facilities to and from the Project. Notwithstanding the above, nothing in the foregoing shall operate to compel City to exercise its powers of eminent domain on behalf of the Project.

**2.7.2 No Relinquishment of Responsibility.** Notwithstanding the above, Developer will not require City to: (a) restrict its ability as a governmental entity to apply reasonable development standards (such as landscaping, parking, and screen walls) to the Project, or (b) limit its ability to discharge any of its legal duties with respect to the review and approval of the Project, to the degree such review and approval is not otherwise preempted by virtue of the CEC's exclusive jurisdiction.

**EXHIBIT C  
TO  
DEVELOPMENT AGREEMENT**

**- Project Water Requirements -**

<b>Table C-1</b>	
<b>Roseville Energy Facility Potable Water Demand</b>	
Drinking, Sanitary & Utilities Use (gpm)	20
Emergency Firewater (gpm)	3,000

<b>Table C-2</b>		
<b>Roseville Energy Facility Monthly Makeup Water Demand</b>		
<b>Month</b>	<b>Monthly Average Demand<sup>1</sup> (gpm)</b>	<b>Monthly Peak Demand<sup>2</sup>(gpm)</b>
January	3,000	3,500
February	3,100	3,700
March	3,200	4,100
April	3,400	4,500
May	3,600	4,900
June	3,900	5,200
July	4,100	5,300
August	4,000	5,200
September	3,900	5,000
October	3,600	4,700
November	3,200	4,000
December	3,000	3,400
Annual Makeup Water Demand (acre-feet) <sup>3</sup>		5,645
Peak Hourly Makeup Water Demand (gpm) <sup>4</sup>		6,500

*1 Based on monthly mean temperatures.*

*2 Based on 5% cumulative monthly peak temperatures.*

*3 Based on average annual temperature.*

*4 Based on maximum peak temperature.*

**EXHIBIT D**  
**TO**  
**DEVELOPMENT AGREEMENT**

**- Necessary Water Facilities -**

- Potable water line from the intersection of Sun City Blvd. and Pleasant Grove Blvd. to the intersection of Fiddymont Road and Pleasant Grove Blvd., north on Fiddymont Road to the intersection with Philips Road and paralleling Philips Road to the Project Site.
- Short (approximately 0.1 mile) pipeline interconnection between the Project and Pleasant Grove (tertiary treated wastewater for Project cooling plus sanitary waste line from Project to Pleasant Grove).
- All appurtenant pumps, valves, meters and related distribution system facilities.



**EXHIBIT E  
TO  
DEVELOPMENT AGREEMENT**

**- Methodology to Determine Developer's Share of Costs of Water Facilities -**

Developer shall only be required to pay the cost of water facilities necessary for the Project, as such facilities are described in this Agreement and consistent with City's standards, rates, rules and regulations governing such facilities.

If Developer constructs facilities at its cost which result in excess capacity beyond the Project's requirements, City shall use its good faith efforts to obtain reimbursement from others using the facilities on a pro-rata basis, consistent with City's rates, rules and regulations governing such cost allocation and reimbursement.